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Notes on [REDACTED] US-USSR exchange of petroleum delegations for a three to six month period.

USSR Gain

Petroleum

1. ~~Technological~~

Knowledge of US petroleum technology has been almost completely available to the USSR through open technical publications and patents. Certain confidential company information, mostly in the processing field, could be adequately safeguarded from the USSR delegation, as it is now from competitors. Therefore, the gain to the USSR delegation of technical knowledge would be small, and would not be greatly enhanced by a three to six-month tour compared to a one-month tour.

The actual application of recent advances in petroleum technology would undoubtedly be of great interest to the USSR delegation. The tour should enable them to apply such new methods and techniques more quickly and successfully in the USSR petroleum industry. [The USSR delegation would presumably have a carefully selected list of high priority targets on recent developments in the US petroleum industry. The length of such a list would be limited by the size of the delegation and the length of time it remained in the US. For the same size of delegation, a three to six-month tour would provide a substantial advantage over a one-month tour, with respect to the application of recent technologic advances in the US petroleum industry.]

2. Economic

A complete array of economic and operating statistics on the US petroleum industry have been published for years, and have, of course, been readily available to the USSR. With respect to such statistical data, there is no gain to the USSR delegation, either on a one-month or six-month tour, except the possible satisfaction of checking the validity of such data. As the Russians frequently re-publish some of these US data without questioning their validity, it appears doubtful that anything relating to economic or operating statistics of US petroleum industry would be an important target of a USSR delegation.

3. Competitive techniques and incentives.

✓ It is believed that a USSR delegation touring the US petroleum industry would be assigned the task of discovering the reason for the high over-all productivity in the US industry compared with the USSR industry. A good example is in oil-well drilling. [The Russians have developed the turbodrill and]

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use it exclusively in hard-rock drilling. USSR published data (verified by US tests) show the turbodrill will penetrate hard rock two to three times faster than the conventional rotary drill used for hard rock drilling in the US. However, rotary drilling crews in the US drill twice as much hole per rig-month in hard rock drilling, as USSR turbodrill crews. This presents a real problem to the Russians, and one they probably do not fully understand. Statistically, the reason is readily explained. "Down time" or enforced idleness waiting on supplies, equipment or labor constitutes 42 percent of ~~total time for a USSR crew compared to~~ the eight percent for a US crew. Time out for repairs, accidents, and miscellaneous are also much higher on USSR than on US operations. The net result, according to a USSR statistical compilation, is only 10.7 percent of the total time given to actual drilling in the USSR compared to 56.5 percent in the US.

If a team of experienced USSR oil-well drillers or drilling foremen who were well trained technically and in economics, spent three to six months visiting contract drilling rigs in the US they would discover the basic underlying reason for ~~the~~ ^{high productivity of the} US drilling industry compared to that of the USSR. The reason is, of course, competition and the incentives inherent in competitive capitalism. These competitive techniques and incentives, if applied to the USSR industry (of course under the guise of Communism) would quickly increase USSR productivity and over-all effectiveness.

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US Gain [REDACTED]

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3. CIA has [REDACTED] in almost all sectors and economic aspects of the Soviet petroleum industry. [REDACTED] 25X1X5

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A US petroleum delegation visiting the Soviet Union for a period of three to six months, by concentrating at both the Ministerial or equivalent level, and by intensive surveys of Soviet field operations, could magnify [REDACTED]

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[REDACTED] compared to a visit of only one month. The areas

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SECRETAvailability of US Industry Personnel

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4. The [REDACTED] has advised the CIA that
qualified personnel can be made available under sponsorship of the [REDACTED]

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[REDACTED] to staff a US petroleum delegation to tour the USSR
for a period of one month. Such personnel would be oil company officials
loaned for this purpose.

It is not believed that the foregoing arrangement would be feasible
for a period of 3 to 6 months. To staff such a delegation would require
hiring consultants or other available personnel, and the question of
financing such an undertaking would be pertinent.

Conclusion

5. It appears that a 3 to 6 month tour in each country for an exchange of
US-USSR petroleum delegations would result in some net gain to the US but
on a lesser margin than on the original proposal for a one-month tour.
It is suggested that the one-month tour be carried out as planned. If, as
a result of that tour, it appears desirable to exchange delegations in
selected phases of the petroleum industry for a longer period, such
exchanges can then be arranged.

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